

# FINAL BILL REPORT

## SSB 6340

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### C 151 L 18

Synopsis as Enacted

**Brief Description:** Providing a benefit increase to certain retirees of the public employees' retirement system plan 1 and the teachers' retirement system plan 1.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Conway, Bailey, Hobbs, Walsh, Hasegawa, Hunt, Mullet, Keiser, Palumbo and Saldaña; by request of Select Committee on Pension Policy).

#### **Senate Committee on Ways & Means** **House Committee on Appropriations**

**Background:** The basic retirement allowance of a member of Plan 1 of the Public Employees' Retirement System (PERS Plan 1) or the Teachers' Retirement System (TRS Plan 1) is equal to 2 percent of the member's average final compensation, calculated on the member's highest consecutive two years of compensation, for each year of service. Retirement benefits in the Plan 1s are available to members after 30 years of service at any age, with 25 years of service at age 55, and with five years of service at age 60. The original Plan 1 design did not contain a benefit feature annually adjusting retirees benefits, though several ad-hoc retiree benefit adjustments were created by the Legislature prior to 1995.

Between 1995 and 2011, PERS Plan 1 and TRS Plan 1 retirees' benefits could be eligible for an annual increase from a benefit generally referred to as the Uniform Cost of Living Adjustment (COLA), or Uniform COLA. The Uniform COLA was enacted in 1995, to replace a number of prior COLAs, and was a fixed dollar amount multiplied by the member's total years of service. The dollar amount of the Uniform COLA was about \$1.88 per year, meaning that a member with 25 years of service would receive an additional \$47 per month each year, and the Uniform COLA itself would have increased by 3 percent per year on July 1. Members did not have a contractual right to future increases to the Uniform COLA, and those increases ceased with the repeal of the Uniform COLA in 2011.

**Summary:** A one-time increase of 1.5 percent is provided to retirees of the Public Employees' Retirement System Plan 1 and Teachers' Retirement System Plan 1 member monthly benefits, up to a maximum increase of \$62.50 on July 1, 2018.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Votes on Final Passage:**

Senate	48	0	
House	97	0	(House amended)
Senate	49	0	(Senate concurred)

**Effective:** July 1, 2018.